STATE OF IDAHO

DEPARTMENT OF HEALTH AND WELFARE

IMPLEMENTATION ADVANCED PLANNING DOCUMENT UPDATE #3

For

Medicaid Management Information System
(MMIS) Re-Procurement

September 9, 2004

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1. Purpose

The purpose of this Implementation Advanced Planning Document Update (IAPDU) is to request 90% enhanced Federal Financial Participation (FFP) for Phase Two of the Idaho Department of Health and Welfare's (IDHW) Medicaid Management Information System (MMIS) Re-Procurement project. Phase Two of the project will focus on the development of a Request For Proposal (RFP) and Proposal Evaluation Plan (PEP), which includes the bidding, evaluation and contracting processes, for the competitive procurement of a Fiscal Agent to install a new MMIS. The competitive procurement will include services to be performed by a Fiscal Agent in support of the IDHW Division of Medicaid. In addition, a second RFP and PEP will be developed for the services of a Quality Assurance /Independent Verification and Validation (QA/IV&V) contractor to assist IDHW through the Implementation Phase of the project. Phase Two will conclude with the submission to the Centers for Medicare and Medicaid Services (CMS) for approval of vendor signed contract(s).

The original advanced planning document (APD) requested 90% enhanced FFP for Phase One, which initiated the MMIS Re-Procurement project's planning activities. An APDU was approved in February 2004 that re-organized activities to accelerate the time table of the project and include high level requirements gathering, without requesting additional funding. A second APDU for Phase One was approved in June 2004 to allow sufficient time to complete the Options/Alternatives Report and develop an IAPDU for Phase Two. To ensure the project's momentum was not interrupted, the extension of Phase One allowed for the derivation of detailed requirements to be used in the RFP and PEP. Thus far, Phase One has met or exceeded its schedule for completion of its planned activities and deliverables. Also, far fewer funds have been expended during Phase One than were requested and approved.

Statutory Requirements

This IAPDU is being submitted to CMS in accordance with Part 11 of the State Medicaid Manual (SMM) in order to provide the necessary information to facilitate the decision to approve FFP. The requirements for this IAPDU and their location within are identified below:

- Statement of needs and objectives is located at section 2;
- Statement of alternative considerations is located in section 3;
- A Requirements Analysis is located in Section 4;
- A preliminary cost/benefits analysis is located in section 5;
- A personnel resource statement indicating availability of qualified and adequate staff, including a project director (manager) to accomplish the Phase Two objectives is located in section 6;
- A detailed description of the nature and scope of the activities to be undertaken and the methods to be used to accomplish Phase Two of the project is located in section 7;
- A proposed activity schedule for Phase Two of the project is located in section 8;
- The proposed budget for Phase Two of the project is located in section 9;

- A statement indicating the period of time the State expects to use the services or equipment is located in section 10;
- An estimate of prospective cost distribution to the various State and Federal funding sources is located in section 11;
- The proposed procedure for distributing costs is located in section 11;
- A statement setting forth the security and interface requirements to be employed is located in section 13;
- The backup and fallback contingency procedures are located in section 14;
- Assurances the State has met the appropriate requirements is located in section 15;

2. Needs and Objectives

The current Fiscal Agent contract with Electronic Data Systems (EDS) expires on December 31, 2006. The approaching milestone has provided IDHW the opportunity to evaluate the current contract for business support services and MMIS operations and determine their long term viability. Through extensive research, requirements gathering and analysis of alternatives, IDHW has determined that the current MMIS (known as "AIM") will be unable to support the long term requirements and initiatives of IDHW and CMS (e.g., HIPAA and MITA), short of a complete rewrite. IDHW has identified numerous claims processing systems that more closely align with IDHW and CMS' long term requirements and initiatives, providing lower operating and maintenance costs while facilitating expeditious response to changes in business processes, initiatives, legislation and most importantly, the ability to enhance delivery of services to the citizens of Idaho to get the right care at the right time in the right place.

Objective – Competitive Procurement Environment

IDHW needs to ensure the cost effectiveness of Fiscal Agent services and MMIS operations in the next contract(s). Significant effort has and will continue to be exerted to ensure a competitive environment exists for this procurement process to facilitate IDHW obtaining the best long term value for services and systems support. With a large number of States in the process of re-procuring an MMIS, this project's management and sponsorship personnel are acutely aware that encouraging a competitive environment will attract non-incumbent entities to submit proposals, again, for the goal of obtaining the best value for services and systems support. To that end, an objective of project personnel has been to expend the appropriate effort to generate interest from non-incumbent entities. Through the use of a Request For Information (RFI) and inviting entities to demonstrate their system and service offerings to IDHW personnel, significant attention has been brought to IDHW's re-procurement project.

In addition, numerous aspects of Phase Two have been designed to ensure the greatest number of proposals are received. For example, IDHW and the State's Division of Purchasing have developed websites to communicate with the vendor community the information necessary for them to prepare effective proposals and to query information from the vendor community to assist the development of the RFPs and PEPs. Sufficient time will be allocated between the release of the RFPs and the date proposals will be due to ensure vendors adequate time to prepare their proposals.

Objective – Configuration based versus Customization based MMIS

IDHW needs to reduce the number and cost of source code level customizations to the future MMIS. The typical scenario during the implementation and ongoing maintenance of MMIS' is to customize its functionality to meet only the current requirements of the Medicaid program. Very little effort is expended to design and implement with the goal of eliminating or minimizing the need for future customizations. This approach is referred to as hard-coding.

In reality, virtually all customizations could be designed and implemented to facilitate user configurable and dynamic parameters that modify the manner in which automated

processes execute, without modifying a single line of source code when those parameters are modified. For example, with a customization-based MMIS, to ensure particular service limitations are not exceeded the source code is hard coded to specify both the procedure code(s) and its limits (e.g., an eye examination with a limit of one exam per year allowed). Should an additional procedure need to be specified or the limitation increased or decreased, the same source code must be modified, tested at multiple levels and eventually implemented. This process requires prioritization and sequencing with other source code modifications (which could delay its implementation by months or years). The costs include the developer's and tester's time and materials, and while waiting for its implementation, increased work-arounds and/or stakeholder dissatisfaction when claims are pended or denied erroneously based on the "old" edit's hard coded parameters.

In contrast, a user configurable system that allowed an update to the dynamic parameters controlling the edit (in this example the procedure codes and quantity), could be made in a matter of minutes enabling the implementation of the "new" edit immediately thereafter. Significant time, money and stakeholder dissatisfaction can be eliminated with the configuration-based approach. The technical requirements of the RFP will emphasize the current and future use of a configuration-based approach when being evaluated.

Objective – Certifiable MMIS

In support of IDHW's objectives related to a competitive environment and an MMIS that is configuration-based not customization-based, the entire claims adjudication system marketplace was researched. The marketplace contains a number of vendors who have developed systems that are configuration-based and superior in functionality to the majority of MMIS' currently installed. Multiple vendors in this category responded to IDHW's RFI and demonstrated their system's capabilities to project personnel. These systems provide all of the basic functionality required to support a Medicaid program. In addition, IDHW's research has identified the cost of these never-before-MMIS' are significantly less than the typical MMIS.

IDHW intends to solicit proposals from this category of vendors and realizes that these systems will require modifications to become certified, but has determined that the cost of these modifications may not be greater than the cost to customize a previously certified MMIS that does not contain the same level of functionality. In reality, when a previously certified MMIS is transferred to another State and modified extensively, it is no longer certified and faces similar challenges as those of a never-before-certified system. Also identified by IDHW is the propensity for these vendors to invest their own resources (i.e., time and money), to satisfy client requirements (e.g., the modifications necessary for certification), thus investing in the their future in the MMIS marketplace.

IDHW will not procure an MMIS separately from an entity providing the required business support services, but IDHW will consider a partnership between two or more systems and services vendors, so long as the partnership meets or exceeds the requirements set forth in the RFP.

Objective – Pharmacy Claims Processing

The RFP will provide IDHW the option to award separate contracts for the core medical claims processing component and the pharmacy claims processing component, the

combined components constituting the new MMIS. Through IDHW's research and analysis, weaknesses have been identified in one component or the other of multiple vendor's product offerings (i.e., a proficient medical claims processing component and an inadequate pharmacy claims processing component or visa versa). To limit IDHW's procurement to a single vendor's "package" of these components may not be in IDHW's best interest. Affording IDHW the option to pair these two components from separate vendors based on technical abilities and cost will enable IDHW to procure the most effective MMIS solution. Procuring these components from multiple vendors is common practice among states (e.g., Vermont, South Carolina, Hawaii).

Objective – Technical Infrastructure

IDHW needs to procure the best technologically functional MMIS solution to satisfy its long term requirements. To that end, the RFP will not specify limitations on the MMIS' technological infrastructure to be proposed by vendors. Multiple systems in the marketplace have been developed using "newer" technologies (e.g., client-server hardware and software), while others utilize technology that they feel suits the functions it performs (e.g., mainframe-based hardware and software for high volume processing, client-server hardware and software for lesser volume processing and web-based hardware and software for other functions). While the use of mainframe hardware and source languages such as COBOL are sometimes referred to as "antiquated", they are long proven technologies that continue to support business processes quite effectively and have outlived countless "state of the art" technologies and source languages.

Regardless of its technology infrastructure or infrastructures, IDHW will require that the proposed technology will efficiently and effectively support its service delivery processes in a manner that is cost effective and flexible in responding to changes in processes, initiatives and legislation. At the same time, IDHW will ensure that the technology proposed is not so obscure that it contains components that are not supported by the component's supplier, or is of such a combination of technologies that the ability to operate and maintain it is expensive and time consuming (e.g., IDHW's current MMIS, AIM).

Objective – Licensed Software Modules

Bidders will not be excluded from proposing the implementation of licensed products that eliminate the outright ownership of the software by IDHW. However, IDHW will seek to obtain ownership of the products at the termination of the contract, be that due to the vendor ceasing to support the products, the vendor ceasing business operations or the natural end of the contract term.

Objective – High Level Functionality

IDHW has identified the following functional areas where new or enhanced MMIS functionality are needed to facilitate elimination of manual work-arounds, increases in productivity, adherence to legislative mandates, cost savings and superior service delivery to IDHW's clients. The following is not a comprehensive list of requirements to be specified in the RFPs:

HIPAA Compliance

- Elimination of internal local-code translation tables and associated processes that place unnecessary burdens on providers, users of the MMIS and increased maintenance costs of the MMIS;
- Enable the efficient processing of the HIPAA mandated X12N 278 Health Care Services Review – Request for Review and Response (aka, Prior Authorization), enabling automated responses where appropriate;
- Enhancing role-based security capabilities and user control of its maintenance;

Enhanced Support of Service Delivery Processes

- Automated and integrated document, image and workflow management tool(s) (aka, Enterprise Content Management or ECM);
- Claims utilization products/functionality to enable pre-payment cost avoidance;
- Enhanced Prior Authorization support to eliminate the current excess of manual work-arounds;
- The establishment of automated Healthy Connections referral support and processes;

Enhanced Support of Pharmacy related Service Delivery Processes

- Enhanced Drug Utilization Review (DUR) support and processes;
- Enhanced Prospective Drug Utilization Review (ProDUR) support and processes;

Enhanced MMIS Functionality

- Real-time claims adjudication to enable immediate resolution of errors by MMIS users and timely status verification by providers;
- Increased eligibility data accuracy to ensure the integrity of all MMIS functions reliant on the data (e.g., claims adjudication, prior authorization and referral processing, eligibility inquiry by MMIS users and providers, etc.);
- Enhanced managed care (Healthy Connections) data content and integrity, and efficient enrollment processes;
- Enhanced efficiency for interfaces between the MMIS and other IDHW systems;
- Enhanced Third-Party-Liability data content, integrity and usage to enhance support of cost avoidance and recovery;
- Establishment of user-configurable and maintainable dynamic table structures (e.g., benefit packages, cost sharing components such as co-payments, co-insurance and deductibles, fee schedules, edits, audits, etc.), eliminating the need for constant, time consuming and expensive source code level customizations;
- Utilization of standard code sets throughout;
- Enhanced pricing methodology capabilities (e.g., DRG, RBRVS, APG, etc.);

Web based Functionality

- Establishment of interactive prior authorization and referral processing;
- Establishment of interactive eligibility verification processing;
- Establishment of interactive claims status processing;

- Establishment of interactive provider enrollment processing;
- Enhanced provider communication and education;
- Enhanced client communication and education;

Stakeholder Satisfaction
- Elimination of burdensome work-arounds currently required of MMIS users will provide increased user satisfaction and enhanced effectiveness of service delivery to clients, increasing client satisfaction;
- Enhanced provider self-service functionality (e.g., web-based), will provide increased provider community satisfaction;
- Enhanced client self-service functionality (e.g., web-based), will provide increased client satisfaction;

Phase Three Estimated Costs

The preliminary estimate for the Design, Development and Implementation (DDI) (i.e., Phase Three of this project), is ▮▮▮▮▮▮▮. The preliminary estimate was derived based on 1) the ▮▮▮▮▮▮ cost of the previous DDI and consideration of the increases in technology costs since 1997, and 2) estimates received in responses to the Request For Information (RFI) process executed earlier this year. This is also the amount DHW has requested in the SFY 2006 Agency Budget Request to the Governor.

The preliminary estimate is subject to change per the final requirements specified in the RFPs and the responses received thereto.

3. Alternative Considerations

The MMIS Project Team in collaboration with the project sponsors and the Department's Executive Steering Committee (ESC) followed a structured approach to the development of the Options/Alternatives Report (attachment A) to fulfill the alternatives analysis requirement for soliciting enhanced FFP. The final draft of the report was presented to the ESC on July 1, 2004. As a result of the presentation and discussion in that meeting, the ESC decided on the alternatives which the project would proceed and facilitated the completion and distribution of the final report. A portion of the Executive Summary of the final report is presented below (emphasis added where appropriate):

> "During the time period of January through June 2004, considerable effort was expended to gather high level requirements and perform numerous research activities to identify and quantify the MMIS-related alternatives for the Department. Based on these requirements and research, and with agreement and support of the project's sponsors and the Department's Executive Steering Committee, <u>the alternatives with which the re-procurement project will proceed are: 1) an MMIS made up of off-the-shelf components (COTS) or has the characteristics of a commercial claims processing system, and/or 2) is an existing MMIS that could be transferred and/or enhanced to satisfy Idaho's requirements. These alternatives are the most closely aligned with the Guiding Principles (see page 3 of this report) and appear to be the most advantageous overall when compared with the Department's priorities in terms of several evaluation criteria including cost, risk, acceptability, achievability, value, opportunity and expediency</u>."

Each step bulleted below was completed in the period of January through June 2004 and reflected the priorities and objectives as specified by the project sponsors and the ESC:

- Identify viable re-procurement alternatives
- Develop the Guiding Principles of the project
- Define the evaluation criteria and weights, and
- Document high level system and business process outsourcing requirements

Alternatives

Re-procurement alternatives were developed based on the alternatives considered during the Department's last procurement plus additional alternatives that were refined during this effort. The alternatives that were evaluated for Department consideration are:

1) Re-Procure Fiscal Agent Contract with Transfer MMIS
2) Re-Procure Fiscal Agent Contract with COTS (Commercial Off The Shelf) components
3) Re-Procure Fiscal Agent Contract with Retention of Existing MMIS
4) Re-Procure Fiscal Agent Contract with Development of New MMIS
5) Re-Procure Fiscal Agent Contract with State Operated MMIS
6) Purchase MMIS Brokering Services

Assumptions / Constraints

Certain assumptions and constraints were identified and utilized in the evaluation of the re-procurement alternatives and are as follows:

- The report assumed Fiscal Agent services (e.g., Provider call center, Drug Rebate processing, etc.), under all of the alternatives would be roughly equivalent. The evaluation criteria did not include references to, or scoring of, perceived advantages or disadvantages associated with Fiscal Agent services other than in terms of system maintenance or enhancements;
- The report did not speak to procurement strategy. The procurement strategy will be created as part of developing detailed requirements. In some of the alternatives, strategy considerations were presented if it affected the viability of a particular alternative;
- Cost and other data points were necessarily estimates. Information was provided from many sources, including potential vendors, without independent verification other than routine checks for reasonableness, and
- The alternative to retain the current MMIS (AIM) was unique in that it was difficult to assess in terms of cost, risk, and achievability since it was the only option where a clear advantage to one vendor over another existed in evaluating the criteria.

Guiding Principles

Each alternative was evaluated relative to the Guiding Principles of the project. The Guiding Principles reflect the re-procurement priorities of the project sponsors and the ESC. The following Guiding Principles were approved by the project sponsors:

1. Make the most of this opportunity to upgrade the MMIS and implement technology and functionality that will serve the Department for the next 8-10 years.
2. Implement a contract management structure that makes the Department less dependent on one vendor
3. Broaden the MMIS to include components that allow for:
   - More efficient interfaces with other systems when new interfaces are needed.
   - User access to information, and
   - User control over adding new benefit packages consisting of co-pays, deductibles, covered services, and fee schedules.
4. Improve MMIS compliance with Department standards for hardware, software, and other components of system infrastructure.
5. Structure the management of the MMIS contract so that it serves the comprehensive needs of the Division of Medicaid for accuracy, consistency, flexibility, promptness, reliability and enhancements to support changing business needs.
6. Maximize the capability for future collaboration with other entities (e.g., other States, other Idaho programs) where efficiencies in costs or flexibility can be gained.

Evaluation Criteria

Evaluation criteria was developed and defined so that each alternative could be objectively considered against all other alternatives. See Section 3 of the Options/Alternatives Report (attachment A) for the evaluation matrix showing the relative weights assigned to each criteria. The factors used to evaluate the re-procurement alternatives are:

- **Cost:** The relative cost of the option/alternative
- **Risk:** The probability of risk that the option/alternative will not be successful, will go over the proposed budget, or will not meet the time frames for compliance, as well as the willingness and ability to manage that level of risk
- **Acceptability:** How politically or administratively acceptable this option/alternative is, from a cost and risk perspective
- **Achievability:** The achievability of this option/alternative from a technical, administrative, and operational perspective within cost and time constraints
- **Value:** The value provided by the option/alternative beyond what the current system offers
- **Opportunity:** How realistic the option/alternative is and whether this is the right time to implement such an option/alternative
- **Expediency:** How close the option/alternative conforms to project objectives (i.e., the Guiding Principles)

High Level Requirements Gathering and Research

The MMIS Project Team gathered and documented high level requirements in several areas of system functionality and fiscal agent operations. These requirements will be revisited in more detail as part of developing the RFP. Current considerations for each alternative are based on information gathering that was conducted in the areas of:

- EDS-Proprietary Components (Inventory & Review)
- Periphery Systems (Inventory & Review)
- Current FA Contract/Amendments (Inventory & Review)
- Non-FA Supported Processes (Inventory & Review)
- MMIS Interfaces (Inventory & Review)
- Enhancement Queue (Inventory & Review)
- State Legislated Impacts (Inventory & Review)

- Federally Legislated Impacts (Inventory & Review)
- IDHW Initiatives Impacts (Inventory & Review)
- MMIS Vendor Reviews
- Input from CMS & Other States
- User Community Central Office (Requirements Gathering)
- User Community Regional Medicaid Services (Requirements Gathering)
- User Community Healthcare Providers (Requirements Gathering)

Alternatives Analysis Results

The background and assessment for each of the six (6) alternatives, presented in more detail in the Options/Alternative Report (attachment A), are recapped on the following pages:

Alternative 1:   Re-procure Fiscal Agent Contract w/Transfer MMIS

Background:

This alternative would re-procure fiscal agent services similar to services currently provided by EDS, Medicaid staff and other contractors but instead of retaining AIM as Idaho's MMIS solution, the State would implement a transfer MMIS. Idaho took a similar approach in the last MMIS implementation completed in 1998. This alternative would require customized enhancements to the transfer system based on requirements to be defined by the Department. We define this alternative as including MMIS solutions that are available as "public domain" software. We do not include proprietary systems such as the Unisys MMIS made up of COTS products that is currently being leased to West Virginia. The Unisys solution is included in the "Re-Procure Fiscal Agent Contract with COTS (Commercial Off The Shelf) components" alternative.

Overall assessment:

This alternative provides some advantages over the "Re-Procure Fiscal Agent Contract with Retention of Existing MMIS" (retain AIM) alternative in terms of functionality and operations costs. It substantially increases implementation risk and cost. Competition in the procurement is the primary advantage of this alternative over the retain AIM alternative. In addition, the "Re-Procure Fiscal Agent Contract with COTS (Commercial Off The Shelf) components" alternative could be considered a subset of this alternative for procurement purposes.

Alternative 2:   Re-procure Fiscal Agent Contract with COTS (Commercial Off The Shelf) Components

Background:

This alternative would re-procure fiscal agent services similar to services currently provided by EDS, Medicaid staff and other contractors. The claims processing system aspect of this alternative would involve the identification and purchase of a system using Commercial Off-The-Shelf (COTS) components for most functions. A commercial solution would involve alignment of the system with Department requirements for flexible functionality to support more user configurable functions and to reduce the Department's reliance on a single vendor. Analysis would be necessary to evaluate and revise business processes as a means of increasing efficiencies that may be gained through the use of a more industry standard and less Department-centric solution.

Overall assessment:

This alternative ranks highest in terms of meeting the Guiding Principles. It closely aligns the Department with the future vision to incorporate more private insurance practices in the public healthcare market. The flexibility to add benefit plans, co-pays, or multiple fee schedules without programming will likely net the Department substantial reductions in operational and maintenance costs.   In addition, the industry trend toward standardization and possibly regional processing, make off-the-shelf software a viable next step for the Department.

From a procurement standpoint, this alternative offers the greatest amount of competition since it is likely that traditional MMIS vendors as well as commercial vendors will participate. Most, if not all, of the traditional MMIS vendors have commercial health insurance clients and should be familiar with off-the-shelf solutions.

Alternative 3: Re-Procure Fiscal Agent Contract w/Retention of Existing MMIS

Background:

This alternative would re-procure fiscal agent services similar to services currently provided by EDS, Medicaid staff and other contractors. Under this alternative the AIM system would be retained as Idaho's MMIS and could also include designated enhancements to AIM. This alternative is typically referred to as "a takeover". Enhancements under consideration would be replacement of the Ingress database with a more widely accepted database technology, added functionality to support multiple benefit packages and cost-sharing including co-pays and premium billing, and functionality to address legislative initiatives – Medicare Part D and remaining HIPAA rules such as Security, NPI and Electronic Attachments. This alternative also includes the option of re-procuring fiscal agent services and retaining AIM as is, with no enhancements.

Overall assessment:

This alternative appears to be a low risk to the Department in terms of operational continuity and staffing. The existing MMIS is highly customized to meet existing Idaho Medicaid business rules and includes a significant amount of investment in terms of customization over the last few years. The biggest investment ▬▬▬▬▬▬▬▬▬▬▬▬ was for HIPAA remediation that would not be lost with a replacement alternative but would likely be part of any acquired system.

On the down side, this alternative appears to be the least compatible with the Department's Guiding Principles for the re-procurement. Additionally, the system is expensive to maintain due to its inherent complexity, obscure technological combinations and it is unlikely that pursuing this alternative would offer a way to reduce either the system complexity or high cost of maintenance, short of a complete rewrite (i.e., Alternative 4).

The Department's most recent projects have involved changes that could be considered "routine", though complex, in the healthcare industry: implementation of transaction standards, implementation of co-pays and benefit packages, and development of new interfaces. The Department should anticipate similar modifications in the future. The hardware and software platform for AIM are not compatible with Department IT standards and is not a prevalent platform in the MMIS industry. It appears that there are few opportunities with this approach to reduce the Department's reliance on a single vendor for system modifications.

From a procurement standpoint, this alternative will present challenges in generating competitive interest, which may result in decreased bidder responses and higher costs. There is a non-trivial likelihood of getting only one bid with this alternative. Even if increased competition is achieved, the risk and achievability of this alternative appear to be less favorable if a non-incumbent bidder wins the contract.

Alternative 4: Re-procure Fiscal Agent Contract w/Development of New MMIS

Background:

This alternative would re-procure fiscal agent services similar to services currently provided by EDS, Medicaid staff and other contractors. A new MMIS would be developed based on detailed requirements defined by the Department. This alternative would require significant personnel, time and fiscal investment from the Department, especially the Division of Medicaid.

Overall assessment:

The risks associated with scope, schedule and budget for this alternative suggests that the Department would be undertaking more risk than the value that will be gained by implementing a newly developed MMIS.

Alternative 5:   Re-procure Fiscal Agent Contract w/State Operated MMIS

Background:

This alternative would re-procure fiscal agent services similar to services currently provided by EDS, Medicaid staff and other contractors. The alternative also includes the scenario that ITSD and Medicaid staff would operate the existing AIM system or a transfer MMIS. If the existing AIM system is retained significant enhancements will be necessary to bring the system into alignment with the Guiding Principles. These enhancements would have to be performed by State ITSD staff or contracted programmers.

Overall assessment:

Based on the lack of interest in this alternative within the Information Technology Services Division or at the Department executive level, this solution does not have sufficient support at this time to be successful. Other alternatives could be implemented in a way that preserves this alternative for future consideration.

Alternative 6:   Purchase MMIS Brokering Services

Background:

This alternative would involve identifying options for the purchase of services through another State Medicaid operation or private sector account to support Idaho's MMIS and fiscal agent services. Currently there are no vendors offering these types of services.

Overall assessment:

This alternative does not meet the needs of the Department at this time and there does not appear to be any means, let alone desire to implement this type of solution.

4. Requirements Analysis

Phase Two activities will focus on the creation of two Request For Proposals (RFP) and their associated Proposal Evaluation Plans (PEP). The Fiscal Agent/MMIS RFP will be explicit in defining the system and business processes support requirements of the vendor or vendors which contract(s) will be awarded to. The research and requirements identified during Phase One will be expanded into detail requirements for system functionality and business processes support, including performance measuring. The QA/IV&V contractor RFP will be explicit in defining their responsibilities of monitoring and oversight of the project's implementation phase.

The PEP is documentation of the prescribed methods, standards and procedures to be adhered to for ensuring the evaluation of proposals is conducted in a fair, objective and comprehensive manner.

While not an exhaustive list of the requirements to be specified in the Fiscal Agent/MMIS RFP, the following outlines the structure of the Scope of Work section of that RFP and highlights the requirements to be specified. IDHW will reserve the option to modify (i.e., enhance or retract), any requirements specified in the RFP that it deems necessary to maintain control of scope and cost during the implementation phase.

Core MMIS

- **General**
  - The core MMIS shall be compliant with the rules specified under HIPAA (i.e., security, privacy, transactions, code sets, identifiers, et al).
    - Role based security will be user definable and maintainable at the screen level (additional value will be awarded to systems capable of role based data element level security);
    - Data content and functional capabilities as necessitated by the standard electronic transactions will be mandatory (e.g., coordination of benefits between 835 Remittance Advice and 837 Health Care Claims (all));
    - Standard code sets will be maintained and utilized where appropriate;
    - Storage, cross referencing and appropriate utilization of standard identifiers will be facilitated (e.g., minimally, the National Provider Identifier will be cross referenced to the Idaho-specific Medicaid Provider identification number and utilized for all standard electronic transactions);
  - Numerous performance measurements will be specified and monitored to ensure the service delivery needs of IDHW are met.

- **Claims Adjudication**
  - The ability to adjudicate claims from data entry through disposition in real time (i.e., edits, audits, pricing, TPL/COB, etc.);
  - The ability to interpret dynamic parameters and execute the adjudication processes accordingly (i.e., user configured and maintained parameters instead of hard coding).
  - The ability to interface with a web portal where electronic standard claims files are submitted by external entities and translate and capture the necessary information to successfully adjudicate the submitted claims;

- **Client (Recipient) Database**

  - The ability to maintain eligibility in multiple, simultaneous programs;

  - The ability to efficiently interface with IDHW's automated eligibility determination system(s);

  - The ability to interface with a web portal where an inquiry can be made of eligibility and benefit information;

- **Provider Database**

  - The ability to interface with a web portal where enrollment information is submitted and capture and process the enrollment information per user configured dynamic parameters;

- **Reference Tables**

  - The ability to configure dynamic parameters and execute the adjudication processes accordingly (i.e., user configured and maintained parameters instead of hard coded source code logic). This will include benefit plans including cost share components, fee schedules and other pricing methodologies, edits and audits, prior authorizations, prior authorization delivery patterns and utilization accumulations, alert indicators, etc.

- **Managed Care**

  - The ability to communicate to Healthy Connections providers the appropriate client assignment information (i.e., new assignments, un-assignments and ongoing assignments);

- **Third Party Liability (TPL) / Coordination of Benefits (COB)**

  - The ability to capture the necessary information of multiple primary (to Medicaid) payer's date sensitive information including demographics and covered services;

- **Edits / Audits / Rules Engine**

  - The ability for a user to dynamically define the specificity for the application of edits, audits and business rules (i.e., included but limited to being applied at the provider and/or client and/or program and/or benefit level, or applied to all claims when multiple levels of specificity are not matched or are not defined).

- **Benefit Plans**

  - The ability to supply the necessary Benefit Plan information (i.e., service parameters and utilization accumulators), to the claims adjudication processes to interpret user configured parameters and execute accordingly;

- **Prior Authorizations / Referrals**

  - The ability to specify authorizations in accordance with the functionality of the HIPAA mandated 278 standard transactions;

  - The ability to accept prior authorization requests via a web portal interface and disparate IDHW systems, and provide the appropriate response to the request.

  - The ability to supply the necessary prior authorization information to the claims adjudication processes to intelligently interpret user configured parameters and execute accordingly;

- **Operations / Maintenance**
  - ○ Numerous performance measurements will be specified and monitored to ensure the service delivery needs of IDHW are met.
  - ○ Maintenance efforts will be carried out in a manner that produces enhancements to service delivery and adheres to a configuration based approach to system design;
- **Reporting**
  - ○ The ability to produce user specified reports in a timely and accurate manner that supports the service delivery needs of IDHW;

Analytics

- **MARS**
  - ○ The intrinsic capabilities necessary to attain and retain certification status and meet all regulatory requirements;
  - ○ The ability to support service delivery and policy analysis needs;
- **SURS**
  - ○ The intrinsic capabilities necessary to attain and retain certification status and meet all regulatory requirements;
  - ○ The ability to support utilization review and fraud and abuse activities in a timely and accurate manner;
- **Decision Support System / Enterprise Data Warehouse**
  - ○ The ability to interface with other IDHW reporting tools (e.g., IDEA), in a timely, efficient and accurate manner;
  - ○ An intuitive interface that enables timely and accurate ad-hoc reporting by users;
- **Claims Utilization Management**
  - ○ The capability to provide overpayment protection by performing pre-payment utilization management processes (e.g., identifying coding misuse (unbundling), inappropriate or mutually exclusive coding and age/sex conflicts), and post payment analysis and reporting/profiling, and/or
  - ○ The ability to interface to 3rd party products and/or contractor(s) that provide these services to IDHW;
- **Policy / Predictive Modeling**
  - ○ The ability to apply potential policy changes to historical data to determine their effect on utilization, cost, etc.
  - ○ The ability to identify clients at high health risk and likely to incur high costs;
  - ○ The ability to analyze historical claims data to predict care requirements and potential cost;

Pharmacy Processing

- **General**
  - The Pharmacy claims processing modules shall be compliant with the rules specified under HIPAA (i.e., security, privacy, transactions, code sets, identifiers, et al);
    - Role based security will be user definable and maintainable at the screen level (additional value will be awarded to systems capable of role based data element level security);
    - Data content and functional capabilities as necessitated by the standard electronic transactions will be mandatory;
    - Standard code sets will be maintained and utilized where appropriate;
    - Storage, cross referencing and appropriate utilization of standard identifiers will be facilitated (e.g., minimally, the National Provider Identifier will be cross referenced to the Idaho-specific Medicaid Provider identification number and utilized for all standard electronic transactions);
  - Numerous performance measurements will be specified and monitored to ensure the service delivery needs of IDHW are met.

- **Point-Of-Service (POS)**
  - Real time reception and processing of pharmacy claims utilizing HIPAA mandated electronic standards, according to IDHW policies and procedures;
  - The ability to report Prospective Drug Utilization information in the course of transacting pharmacy claims;

- **Prior Authorization**
  - The ability to interactively authorize pharmacy claims per an IDHW maintained preferred drug list (i.e., formulary);

- **Drug Rebate**
  - The ability to accept all necessary inputs and interfaces to support and/or perform all aspects of rebate processing;

- **Analytics**
  - The ability to provide the information and reports to support Drug Utilization Reporting (DUR) and Retrospective DUR processes;
  - The ability to efficiently interface with the core MMIS and other IDHW data repositories to enable the analysis of aggregate Medicaid claims;

Web Portal

- **Claims Submission**
  - The capability to facilitate submission and translation standard electronic files with subsequent integration to the MMIS claims adjudication processes;

- **Claims Status Inquiry**
  - The capability to provide status information of claims to authorized users;

- **Claim Adjustments**
  - The facilitation of adjustments to existing claims by authorized users;

- **Eligibility Inquiry**
  - The facilitation of client eligibility and benefits inquiries by authorized users;

- **Prior Authorizations / Referrals**
  - The capability to facilitate the submission of authorization and referral requests with subsequent response notifications. This will include the facilitation of inquiries to existing authorizations and referrals;

- **Provider Self Service**
  - The ability to enable effective communication with the provider community using web technology (e.g., provider enrollment, information releases, manuals, training, remittance advice, etc.);

- **Client Self Service**
  - The ability to enable effective communication with clients (e.g., benefits, program information, etc.);

Electronic Document and Workflow Management

- The integration of or with a sophisticated workflow management system that tracks documents, reports and images through the automated processes and facilitates efficiency gains in support of IDHW's service delivery requirements;
  - Incoming documents (e.g., paper claims, claims attachments, etc.) are to indexed and cross referenced to (at least) clients, providers and associated documents (e.g., claims cross referenced to the associated attachments);
  - Incoming documents and electronic transactions to be routed to process-specific queues;
  - Outgoing reports and correspondence indexed and cross referenced to (at least) clients, providers and associated documents or data;
  - Documents and images will be accessible to users to support their service delivery processes;

Business Process Outsourcing

- The RFP will detail the scope of operational responsibilities to be performed in support of and in partnership with IDHW and will be further specified relative to performance expectations and requirements.

- Examples of operational responsibilities are:
  - MMIS operations and maintenance;
  - Claims processing;
  - Provider call center and support;
  - Quality Assurance;
  - Contract management;
  - Data interfaces to/from IDHW systems and other contractors supporting IDHW service delivery processes;

Administrative Requirements

- The RFP will specify numerous mandatory requirements for the submission of proposals and requirements which all parties will be contractually obligated to throughout the course of the contract period. A limited list of requirements are listed below:
  - Bidder qualifications will be specified (references, financial history, etc.);
  - Proposal format and content requirements will be specified;
  - The evaluation process will be described with the appropriate level of detail;
  - Contract management policies and procedures will be specified;
  - State and Federal regulations governing the contract(s) will be specified and/or referenced (i.e., terms and conditions);
  - Bidder's will specify their implementation project organization, activities and schedule to ensure on time and on budget project completion
  - Bidder's will specify a proposed payment schedule relative to the activities and schedule specified;

QA/IV&V Contractor Requirements

The QA/IV&V RFP's scope of services will include, but not be limited to the following:

- Assist IDHW and the vendors in the development of the implementation's project activities and schedule;
- Assist IDHW in the management of scope, risk, etc.;
- Assist IDHW in the monitoring of project activities and schedule adherence, of both IDHW and the vendor(s);
- Develop test plans, test scripts, etc.;
- Assist IDHW in developing corrective action plans, if/when necessary;

5. Cost Benefit Analysis

The Cost Benefit Analysis section will be comprised of two sections. The first section present the historical costs of Fiscal Agent operations and enhancements to the customization based MMIS, including the future costs that can determined by the current contract. The second section will outline the areas in which IDHW will obtain savings and/or reduce the upward trend of maintenance and operational costs.

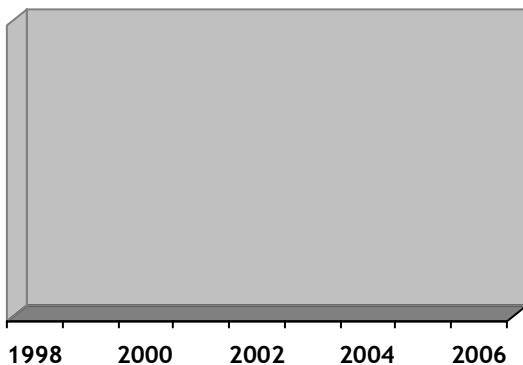**Cost History of the Customization based MMIS and current Fiscal Agent Contract**

Note: All aggregate costs and percentages stated are approximate

The current Fiscal Agent contract costs for business process outsourcing functions (operations) has risen from ▓▓▓▓▓▓▓▓ in 1999 to ▓▓▓▓▓▓▓▓ for 2004, and will rise to ▓▓▓▓▓▓▓▓ in 2006. This translates to an increase of ▓▓ over the course of the contract.

The current Fiscal Agent contract contains two components which are directly related to maintaining and enhancing the MMIS:

  a) A "pool" averaging approximately 8,000 hours per year for enhancements to the MMIS, and
  b) Time-and-materials based enhancement projects;

The mixed rate for each hour, "pool" or time-and-materials, increases ▓▓▓ per year. The first year of the contract paid ▓▓▓▓ per hour. For 2004, the rate is ▓▓▓▓ and during the last year of the contract the rate will be ▓▓▓▓ per hour. These increases translate to ▓▓▓ over the course of the eight year contract. In 2004, the cost of "pool" hours will be approximately ▓▓▓▓▓▓. That total increases to ▓▓▓▓▓▓ in 2006. The cost of time-and-materials based enhancements to the MMIS over the last six years of the contract totaled over ▓▓▓▓▓▓ (e.g., HIPAA, Smart PA, platform upgrade, etc.). For 2004, the costs are approaching ▓▓▓▓▓▓. Cumulatively, the cost of "pool" and time-and-materials hours will be in excess of ▓▓▓▓▓▓, which does not include time-and-materials hours for 2005 or 2006.

1998	2000	2002	2004	2006

☐ **Base Contract History**

1998	1999	2000	2001	2002	2003	2004
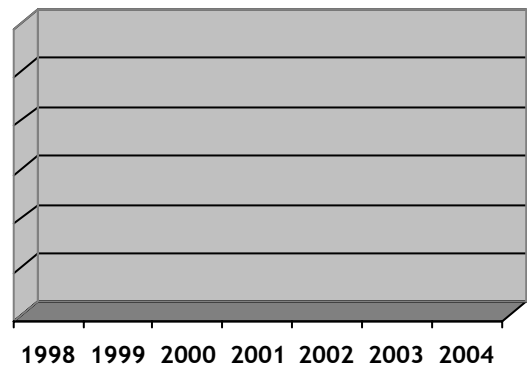
☐ **Maintenance & Enhancements History**

Benefits of a Configuration based MMIS and new Fiscal Agent Contract

The procurement of an MMIS that is configuration based and capable of utilizing the full spectrum of functionality and administrative simplification enabled by the HIPAA mandated standard transactions will provide IDHW with more efficient service delivery processes and the resultant cost reductions. In addition, technological components such as document and workflow management tools, and a web portal enabling providers and clients a level of self-service will further reduce costs and streamline service delivery processes.

Specific processes and contract components that will benefit from a new MMIS and Fiscal Agent contract are outlined below:

- The number of "pool" hours necessary for routine maintenance can be reduced substantially.
  - o Configuration based systems require significantly less source code level modifications than customization based systems;
  - o The cost of IDHW employee activities related to oversight of the development and testing processes will provide cost savings and allow those same employees to concentrate on service delivery, instead;
  - o The hourly rate(s) and any periodic increases in those rates will be brought in-line with industry norms;
  - o IDHW can expect to achieve a ▮▮▮▮ reduction in these costs. Estimated Savings over the next 5 years – ▮▮▮▮▮▮▮▮▮ ;
- The number of enhancement hours necessary to modify the MMIS to meet frequent changes in programs and policy can be reduced substantially;
  - o Configuration based systems require significantly less source code level modifications than customization based systems;
  - o Modifications required by HIPAA will be less invasive/expensive to accomplish;
  - o The full scope of automation requirements can be implemented, instead of the current need to create workarounds as an integral part of the process due to the customized and inflexible nature of the current MMIS. An example is:
    - ▪ The checklist of new MMIS requirements to implement a recent program comprised four pages. Of the four, only one page of requirements were implemented due to cost and/or timeframe considerations. The remaining requirements were satisfied by manual workarounds, not satisfied at all (e.g., limiting the number of particular services allowed per year), or required IDHW to develop a separate software application;
  - o Project management hours billed to IDHW for all projects will be reduced or eliminated as IDHW assumes this role (i.e., currently, the cost of this role can equate to half or more of the total cost for an enhancement). In doing so, scope, schedule and cost will be more tightly controlled;
  - o The hourly rate(s) and any periodic increases in those rates will be brought in-line with industry norms;
  - o The new MMIS will allow efficiencies/interfaces that could lead to substantial savings relative to cost avoidance measures. The capability exists due to the

functionality inherent in the HIPAA transactions and code sets making it possible to achieve substantial reduction in our current contract with PCG;

- o Estimated savings over the next 5 years – █████████████ ;

- The new MMIS will enable web based interactions by providers and clients, more user friendliness and better reporting capabilities. While these benefits are difficult to place a value on, it's safe to say that these "soft" savings are substantial;

- The new MMIS will include automated enterprise content management tools to facilitate integrated document, image and workflow management. While these benefits are difficult to place a value on, the "soft" savings due to efficiencies in automating manual and hardcopy processes could be substantial;

6. Personnel Resource Statement

The state certifies that adequate staff is available to properly execute the contract awarded. A project hierarchy has been organized to support MMIS re-procurement activities:

Executive Sponsors

Karl Kurtz, Director, IDHW
Joe Brunson, Deputy Director, IDHW
Dave Butler, Administrator, IDHW Division of Management Services
Ken Deibert, Administrator, IDHW Division Family and Community Services
Richard Schultz, Administrator, IDHW Division of Health
Greg Kunz, Acting Administrator, IDHW Division of Welfare

Project Sponsors (also Executive Sponsors)

Charles Wright, Administrator, IDHW Information and Technology Services Division (ITSD)
David Rogers, Administrator, IDHW Division of Medicaid
Randy May, Deputy Administrator, IDHW Division of Medicaid

Steering Committee

Larry Buell, Purchasing Agent, Division of Management Services
Patti Campbell, Project Manager, Division of Medicaid
Phil Chandler, Relationship IT Manager, ITSD
Leslie Clement, Bureau Chief, Division of Medicaid
Sharon Duncan, Bureau Chief, Division of Medicaid
Jeanne Goodenough, Deputy Attorney General
Beverly Lindsay, Deputy Administrator, ITSD
Mark Little, Purchasing Officer, DOA, Division of Purchasing
Neil Moore, Project Manager, Division of Medicaid
David Ricks, Project Controller, Division of Management Services
Billie Schell-Ruby, MAS Supervisor, Division of Medicaid
Larry Tippets, Deputy Administrator, ITSD
Larry Tisdale, Program Supervisor, Division of Medicaid
Laura Windham, Contracts Specialist, Division of Medicaid

Project Team	% Charged to Project
Joe Crisp, Project Manager, ITSD	100%
State Temp Pool, Administrative Support	100%
Isaac Kimball, Project Accountant, DMS	50%
Julie Grunder, Program System Specialist , ITSD	75%
Marj Sanderson, Program System Specialist, ITSD	50%
Neil Moore, Project Manager, Medicaid	25%
Sara Hunt, Transportation Specialist, Medicaid	25%
Solutions Consulting Group, Consultants (3)	100%
Venturi MMIS Analysts–Contractual services for DDI (4)	100%
Consultant(s) (ADP services, etc.)	100%

7. Description of Activities

Phase One	Resource Establishment and Research Activities
#1	Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.
#2	Establish roles and responsibilities of team members
#3	The steering committee (sponsors) identified with roles and responsibilities identified
#4	Lessons Learned from Idaho's previous MMIS procurement deliverable from Solutions Consulting
#5	Review lessons learned from the previous Idaho procurement
#6	Review current MMIS contract/amendments
#7	Review other states contracts for MMIS & services rendered/best practices
#8	Review MMIS vendor packages for comparisons
#9	Identify requirements (high level) of the future MMIS
#10	Discuss with CMS concerns or recommendations
#11	Review impact of future HIPAA rules
#12	Develop Options/Alternatives Report
#13	Obtain decision from IDHW Executive Steering Committee for direction/focus of RFP
#14	Derive detailed requirements for insertion into RFP (refer to Attachment B for additional information)

Phase Two	Develop Request For Proposals / Execute Bid Process
#1	Finalize RFPs/PEPs for Fiscal Agent services/MMIS operations and QA/IV&V Contractor, submit to CMS for approval
#2	Obtain approval of RFPs/PEPs from CMS
#3	Release the RFPs
#4	Execute the Proposal Evaluation processes (planned bid opening date of March 25, 2005)
#5	Award of contract(s), approval(s) by State Division of Purchasing, Contracts signed by vendors, submitted to CMS for approval
#6	Obtain approvals from CMS
#7	Contracts signed by Department

Phase Three	Design, Develop, Implement (DDI)
#1	DDI schedule to be determined

8. Proposed Activity Schedule

Phase One	Resource Establishment and Research Activities	Planned Completion Date	Actual Completion Date
#1	Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.	*December, 2003*	*December, 2003*
#2	Establish roles and responsibilities of team members	*December, 2003*	*December, 2003*
#3	The steering committee (sponsors) identified with roles and responsibilities identified	*December, 2003*	*December, 2003*
#4	Lessons Learned from Idaho's previous MMIS procurement deliverable from Solutions Consulting	*January, 2004*	*January, 2004*
#5	Review lessons learned from the previous Idaho procurement	*January, 2004*	*January, 2004*
#6	Review current MMIS contract/amendments	*May 14, 2004*	*May 14, 2004*
#7	Review other states contracts for MMIS & services rendered/best practices	*May 14, 2004*	*May 14, 2004*
#8	Review MMIS vendor packages for comparisons	*May 31, 2004*	*May 27, 2004*
#9	Identify requirements (high level) of the future MMIS	*May 31, 2004*	*May 31, 2004*
#10	Discuss with CMS concerns or recommendations	*May 14, 2004*	*April 21, 2004*
#11	Review impact of future HIPAA rules	*May 14, 2004*	*May 14, 2004*
#12	Develop Options/Alternatives Report	*July 1, 2004*	*June 30, 2004*
#13	Obtain decision from IDHW Executive Steering Committee for direction/focus of RFP	*July 2, 2004*	*July 1, 2004*
#14	Derive detailed requirements for insertion into RFP	Sep. 30, 2004	**On Schedule**

Phase Two	Develop Request For Proposals / Execute Bid Process	Planned Completion Date	Actual Completion Date
#1	Finalize RFP(s)/PEP(s) for Fiscal Agent services and MMIS operation, submit to CMS for approval	Nov. 19 2004	
#2	Obtain approval of RFP(s)/PEP(s) from CMS	Dec. 30, 2004	
#3	Release the RFP(s)	Jan. 4, 2005	
#4	Execute the Proposal Evaluation process(es) (planned bid opening date of March 25, 2005)	May 15, 2005	
#5	Award of contract(s), approval(s) by State Division of Purchasing, Contract(s) signed by vendor(s), submitted to CMS for approval	May 16, 2005	
#6	Obtain approval(s) from CMS	July, 2005	
#7	MMIS contract(s) signed by Department	July, 2005	

Phase Three	Design, Develop, Implement (DDI)	Planned Completion Date	Actual Completion Date
#1	DDI schedule to be determined	Dec. 31, 2006	

9. Proposed Budget

APD/ APDU	Approval Date	Description	Budget Amount	Federal Share at 90%	Federal Share at 75%	State Share at 25%	State Share at 10%
APD and IAPDU History for the Idaho MMIS Re-Procurement Project							
APD	9/15/2003	**Phase One**	▉▉▉▉	▉▉▉▉			▉▉▉
APDU #1	2/9/2004	**Phase One Schedule and Activities Change**	▉▉▉▉	▉▉▉▉			▉▉▉
APDU #2	6/22/2004	**Phase One Extension and Activities Enhancement**	▉▉▉▉	▉▉▉▉			▉▉▉
IAPDU #3***	Pending	**Phase Two**	▉▉▉▉	▉▉▉▉			▉▉▉▉

*   No additional funding was requested in this Update
**   See *Section 11. Prospective Cost Distribution* for budget details
*** APDU title changed to IAPDU due to submittal of estimated implementation costs

10. Statement of Expected Usefulness

The MMIS Re-Procurement project will acquire a comprehensive MMIS which preserves the current Idaho-specific functionality and satisfies expanded management, technical, process, and data requirements to ensure flexibility, user configurable functionality and simplification to respond to future program and legislated needs. It is estimated that the new system will have an economic useful life of eight to ten years. However, a primary objective of the development approach IDHW is taking is to extend the practical useful life beyond ten years, with periodic enhancements necessitated by legislation or initiatives at the State and Federal levels (e.g., HIPAA, MITA);

11. Prospective Cost Distribution

Phase Two Request

	Total Cost	Federal 90%	State 10%
Project Team – State Personnel			
Joe Crisp (100%)	■		
Julie Grunder (75%)	■		
Marj Sanderson (50%)	■		
Neil Moore (25%)	■		
Sara Hunt (25%)	■		
Dave Ricks (20%)	■		
Isaac Kimball (50%)	■		
Jeanne Goodenough (20%)	■		
Larry Buell (20%)	■		
Allocated Dept. Personnel (e.g., ITSD, Medicaid, DMS, etc.)	■		
Evaluation Team	■		
Total Personnel Costs	■	■	■
Operating Expenses			
Travel expenses (3 staff with 3 in/out-of-state trips)	■		
Printing/copying, etc.	■		
Communications (Web-site, Tele-conference, etc.)	■		
Admin Support (100%)	■		
Venturi MMIS Analysts – Contractual services for DDI (4 @ 100% for Nine Months)	■		
Misc. Consulting Services (i.e., ADP services, etc.)	■		
Solutions Consulting Group	■		
Total Operating Costs	■	■	■
Allocated Costs	■	■	■
Total Phase Two Costs	■	■	■
Phase Three Costs	■	■	■

Costs will be distributed according to the time personnel devote to this project. Idaho has in place an approved time accounting system to credit work to the appropriate accounts and will be reported under the federally approved cost allocation plan. Personnel costs, etc., based on resources identified in Section 6.

12. Cost Distribution Summary

Federal Funding for Phase I development costs is requested at the rates shown in the Cost Distribution in Section 11 of this IAPDU. These are:

90%   CMS FFP   ██████████
10%   DHW Share   ██████████

         Total   ██████████

13. Statement of Security and Interface Requirements

The security and interface requirements pertaining to this IAPDU are being updated per the HIPAA Security Rule. The new MMIS will adhere to the HIPAA Security and Privacy rules in effect at the date of implementation.

This proposal does not breach any security procedures or interface protocols within the current MMIS system. Once a solution is identified, a pre-implementation testing of the solution will assure that the current system integrity is not compromised.

14. Backup & Fallback Contingency Procedures

Backup and fallback procedures for the current MMIS are addressed in the base contract with EDS. Included in this is a Disaster Recovery plan. The contract for the new Fiscal Agent/MMIS will address backup and fallback procedures as well as an updated Disaster Recovery plan that accounts for new or enhanced MMIS functionality and the services provided by the Fiscal Agent in support of IDHW and its service delivery processes.

The project management methodology employed by IDHW and more specifically, the MMIS Re-Procurement team, takes a pragmatic approach to identifying and mitigating risks that may have an adverse effect on this project. The risks identified by IDHW and the plans for mitigating those risks are presented below:

Delay in Approval of RFP(s), Contract(s) or APDU(s)

A delay in the submission and/or approval of documents (i.e., the RFP(s), contract(s) or APDU(s)), could negatively impact the schedule of the procurement and/or implementation phases;

- **Probability / Impact:**   Medium   High
- **Mitigation Plan:**
  - Use of project consultant to assist in document development;
  - Early and frequent communication and coordination with approving entities;
  - Negotiate short term extension(s) with current Fiscal Agent to be exercised at the Department's discretion (e.g., two optional 6-month extensions);
- **Trigger:**   Delays in the schedule of more than 45 days
- **Contingency Plan:**
  - Request extension of APDU time frame
  - Submit APDU to alter schedule and/or budget

Spending / Budget Limitations

Proposed Federal legislation could re-establish the limit of enhanced FFP to a level lower than 90%, which could negatively impact IDHW's ability to fund the project in a timely manner;

- **Probability / Impact:**   Medium   High
- **Mitigation Plan:**
  - Stay abreast of the legislation's status;
  - Identify the ramifications should legislation be approved;
- **Trigger:**   Legislation is passed that reduces the level of FFP;
- **Contingency Plan:**
  - Submit APDU to alter schedule and/or budget;
  - Request additional funding from Idaho legislature and/or the IDHW budget in effect at that time;

Appeal of Intent to Award

An appeal is filed that draws resources and time from implementation planning and/or delays in the ability for IDHW to finalize contract(s) and submit to the approving entities.

- **Probability / Impact:**   High   High
- **Mitigation Plan:**
  - ○ Develop the RFP/PEP to ensure integrity and fairness;
  - ○ Execute the evaluation process with integrity and fairness;
  - ○ Heed the advice of representatives of the Division of Purchasing and the Attorney General's office;
  - ○ Be familiar with the State's rules regarding appeals and IDHW's options regarding responding to an appeal;
- **Trigger:**   An appeal that has prohibited the finalization of contract(s) for more than 45 days;
- **Contingency Plan:**
  - ○ Submit APDU to alter schedule and/or budget;

15. Assurances the State Has Met the Requirements

The State of Idaho, Department of Health and Welfare certifies that it has met the requirements for (1) Procurement Standards (Competitive/Sole Source) 45 CFR Part 95.613, 45 CFR Part 92, SMM Section 11267, SMM Section 11267 (3) Software Ownership, Federal Licenses and Information Safeguarding 42 CFR Part 433.112(b)(5) – (9) and (4) Progress Reports SMM Section 11267. HIPAA Rules will also be taken into account for compliance.

The State of Idaho, Department of Health and Welfare, certifies that it has available its share of the funds required to complete the activities described in this APD. The State requests approval to proceed with federal funding at the above levels.